

**Subpart 3903—Fees, Rentals, and Royalties**

**§ 3903.20 Forms of payment.**

All payments must be by U.S. postal money order or negotiable instrument payable in U.S. currency. In the case of payments made to the MMS, such payments must be made by electronic funds transfer (see 30 CFR part 218 for the MMS's payment procedures).

**§ 3903.30 Where to submit payments.**

(a) All filing and processing fees, all first-year rentals, and all bonuses for leases issued under this part or parts 3910 through 3930 of this chapter must be paid to the BLM state office that manages the lands covered by the application, lease, or exploration license, unless the BLM designates a different state office. The first one-fifth bonus installment is paid to the appropriate BLM state office. All remaining bonus installment payments are paid to the MMS.

(b) All second-year and subsequent rentals and all other payments for leases are paid to the MMS.

(c) All royalties on producing leases and all payments under leases in their minimum production period are paid to the MMS.

**§ 3903.40 Rentals.**

(a) The rental rate for oil shale leases is \$2.00 per acre, or fraction thereof, payable annually on or before the anniversary date of the lease. Rentals paid for any 1 year are credited against any production royalties accruing for that year.

(b) The BLM will send a notice demanding payment of late rentals. Failure to provide payment within 30 calendar days after notification will result in the BLM taking action to cancel the lease (see § 3934.30 of this chapter).

**§ 3903.51 Minimum production and payments in lieu of production.**

(a) Each lease must meet its minimum annual production amount of shale oil or make a payment in lieu of production for any particular lease year, beginning with the 10th lease year.

(b) The minimum payment in lieu of annual production is established in the lease and will not be less than \$4 per acre or fraction thereof per year, payable in advance. Production royalty payments will be credited to payments in lieu of annual production for that year only.

**§ 3903.52 Production royalties.**

(a) The lessee must pay royalties on all products of oil shale that are sold from or transported off of the lease.

(b) The royalty rate for the products of oil shale is 5 percent of the amount or value of production for the first 5 years of commercial production. The royalty rate will increase by 1% each year starting the sixth year of commercial production to a maximum royalty rate of 12½% in the thirteenth year of commercial production.

**§ 3903.53 Overriding royalties.**

The lessee must file documentation of all overriding royalties (payments out of production to an entity other than the United States) associated with the lease in the proper BLM office within 90 calendar days after execution of the assignment of the overriding royalties.

**§ 3903.54 Waiver, suspension, or reduction of rental or payments in lieu of production, or reduction of royalty, or waiver of royalty in the first 5 years of the lease.**

(a) In order to encourage the maximum economic recovery (MER) of the leased mineral(s), and in the interest of conservation, whenever the BLM determines it is necessary to promote development or finds that leases cannot be successfully operated under the lease terms, the BLM may waive, suspend, or reduce the rental or payment in lieu of production, reduce the rate of royalty, or in the first 5 years of the lease, waive the royalty.

(b) Applications for waivers, suspension or reduction of rentals or payment in lieu of production, reduction in royalty, or waiver of royalty for the first 5 years of the lease must contain the serial number of the lease, the name of the record title holder, the operator or sub-lessee, a description of the lands by